

## Frequently Asked Questions: Tiering Process for Rental Licensing Inspections and Annual Renewal Billing

### What type of rental property requires a rental license?

Every rental dwelling, including single-family rental dwellings and rental units in owner-occupied duplexes, and rooming and shared-bath units (unless they are in a licensed lodging house) must have a rental license.

### Why a tiered rental license billing structure?

The City of Minneapolis uses a tiered rental license billing structure. A property's tier is based on its rental history, focused primarily on the condition and maintenance of the property itself. The tier determines what rental license fee will be imposed and inspection schedule.

Tier	Characteristics	Inspection cycle
1	Well-maintained, managed, and use very few city services.	8 years
2	Maintained to minimum code and use some city services.	5 years
3	Poorly maintained or managed and require excessive city services.	1 year

### Why is there a difference in the tier rental license fees?

Rental license inspections that occur more frequently at properties require more resources. A tiered structure allows Regulatory Services to directly recapture costs from inspections rather than passing the costs onto all property owners. In addition, a tiered model incentivizes rental license holders to actively manage their properties such that they are placed in a lower tier and therefore undergo fewer inspections and pay a lower renewal fee.

### What criteria does the City use to establish the tiers?

The criteria used to determine a property's tier reflects the guidelines established by ordinance 244.1890 and is focused primarily on the condition and maintenance of the property itself over the past two years. Each component of the criteria has a set point value. The criteria were developed with input from stakeholders including rental property owners, tenants, neighborhood associations, City Council, the Minneapolis Police Department, and the City Attorney's Office. The property owners themselves are not factored into the tiering process. A detailed description of the tier criteria can be found in the table on page 2.

### When are the tiers assigned?

Data is analyzed each May to coincide with the rental license billing process. Tiers are assigned each year, and are listed in the rental license renewal letters.

### What if I have questions about why my property was placed in its respective tier?

An administrative review is when Regulatory Services staff assess a property's history against the tier criteria to determine if it can be assigned to a lower tier. Administrative reviews are undertaken upon the request of the property owner, but the rental license fee must first be paid. The request for and completion of an administrative review does not guarantee the modification of a property's tier assignment.

**Rental License Fees**

The table below provides the base rental license fee. Please note that the month initiated and number of additional units are factored into the total rental license fee. The fee for each additional unit, irrespective of the property’s tier, is \$5.00.

Building Size	Annual License Fee			Annual fee for each additional unit
	Tier 1	Tier 2	Tier 3	
16 or more units	\$175	\$350	\$700	\$5.00
Condominium	\$70	\$112	\$373	
4-15 units	\$82	\$163	\$327	
1-3 units	\$70	\$112	\$373	

**Rental Licensing Tier Criteria**

Criteria	Definition
Inspections	The number of inspections Regulatory Services inspectors conducted at a given property.
Violations	The count of open and closed housing code violations issued by Regulatory Services inspectors.
Rental Units	The number of paid rental units for High Occupancy Dwellings or Mixed Use Structures.
Multi-Use Building	Building use is commercial and residential.
Letter of Intent to Condemn for Lack of Maintenance (LINT1)	The count of letters issued with the intent to condemn a building for lack of maintenance.
Rental License Operation Conditions (RLOC)	If the property owner has met with the city and agreed to certain conditions or restrictions placed on a given property.
Illegal Occupancy (ILOC)	The count of illegal occupancy violations at a given property.
Solid Waste Dirty Collection Point Warning Letters	The count of Solid Waste warning letters issued for a dirty collection point at a given property.
Solid Waste Dirty Collection Point Clean-ups	Instances where City Solid Waste staff had to clean-up a dirty collection point at a given property.
Administrative Citations	Fines issued pertaining to a rental license at a given property.
Special Assessments Pending & Assessed	All outstanding fees issued to a given property.
Conduct on Premises Notices (COP)	A provision in the Rental Licensing Ordinance that allows the city to address qualifying incidents of disorderly conduct of tenants and their guests that adversely impacts neighbors.